

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

For the six months ended 30th September 2002

1. Corporate information

The registered office of the Company is located at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda.

During the period ended 30th September 2002, the Group was principally involved in the undertaking of superstructure construction, foundation piling, substructure works and interior decoration works in Hong Kong SAR.

2. Basis of Preparation and accounting policies

The unaudited consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("HKSA"). These interim financial statements should be read in conjunction with the 2002 annual financial statements. The accounting policies and basis of preparation used in the preparation of these interim financial statements are consistent with those used in the audited financial statements for the year ended 31st March 2002.

The Group also adopted the following SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 34	:	Employee benefits

These newly introduced/revised SSAPs do not have any material impact on the accounting policies and financial results of the Group except that certain comparatives presented have been reclassified to conform to the new disclosure requirements.

3. Turnover

Turnover represents the aggregate of the gross value of work earned from superstructure construction, foundation piling, substructure works, interior decoration and special construction projects ("Construction Contracts").

4. Earnings/(loss) per share

The calculation of earnings/(loss) per share is based on the net profit attributable to shareholders for the six months ended 30th September 2002 of HK\$16,269,000 (2001: loss of HK\$8,366,000) and the weighted average of 287,500,000 ordinary shares (2001: 287,500,000 ordinary shares) in issue during the period. The diluted earnings/(loss) per share has not been presented as the Company had no potential ordinary shares outstanding during each of the periods presented which would have given rise to a dilutive effect on the Group's results for the period.

5. Profit/(loss) from operating activities

The Group's profit/(loss) from operating activities was arrived at after charging/(crediting):

	Six months ended 30th September 2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000
Cost of services provided	175,811	211,528
Depreciation	4,052	5,386
Less: Amounts capitalized on construction contracts	(2,008)	(1,607)
	2,044	3,779
Staff cost (excluding director's remuneration)		
Wages and salaries	22,693	31,434
Pension scheme contributions	24	528
Less: Amounts capitalized on construction contracts	(14,309)	(24,495)
	8,408	7,467
Gain on disposal of fixed assets	-	(5)
Reversal of provision for non-recoverable amount due from contract customers	(12,137)	-
Reversal of provision for an amount due from a related company	(2,990)	-
Interest Income	(156)	(1,770)



6. Accounts receivable

Included in accounts receivable are the following amounts related to construction contracts.

	30th September 2002 (Unaudited) HK\$'000	Group 31st March 2002 (Audited) HK\$'000
Contract costs incurred plus recognized profits less recognized losses	982,527	617,893
Progress billings	(960,228)	(599,300)
	<u>22,299</u>	<u>18,593</u>

The age of the Group's other accounts receivable, inclusive of contract retention receivables classified as non-current assets, as at the balance sheet date and net of provisions is analysed as follows:

	30th September 2002 (Unaudited) HK\$'000	31st March 2002 (Audited) HK\$'000
Current to 90 days	59,479	95,535
91 days to 180 days	3,537	6,153
181 days to 365 days	33,451	5,974
Over 365 days	17,315	305
	<u>113,782</u>	<u>107,967</u>

Retentions held by customers for contract works, included in accounts receivable, amount to HK\$49,893,000. Retentions held by customers that are recoverable after twelve months from the balance sheet date are classified as contract retention receivables in non-current assets as at the balance sheet date.

7. Accounts payable

Included in accounts payable are the following amounts related to construction contracts.

	Group	
	30th September 2002 (Unaudited) HK\$'000	31st March 2002 (Audited) HK\$'000
Contract costs incurred plus recognized profits less recognized losses	619,795	705,412
Progress billings	(659,023)	(741,446)
Amounts due to contract customers	39,228	36,034

The age of the Group's other accounts payable as at the balance sheet date is analysed as follows:

	30th September 2002 (Unaudited) HK\$'000	31st March 2002 (Audited) HK\$'000
Current to 90 days	22,470	54,317
91 days to 180 days	479	1,446
181 days to 365 days	2,408	2,598
Over 365 days	26,295	23,317
	51,652	81,678

8. Share capital

There were no movements in the share capital of the Company in either the current or the prior interim reporting period.



9. Contingencies

As at the balance sheet date, the Group and the Company had the following contingent liabilities:

	Group		Company	
	30th September 2002 (Unaudited) HK\$'000	31st March 2002 (Audited) HK\$'000	30th September 2002 (Unaudited) HK\$'000	31st March 2002 (Audited) HK\$'000
Guarantees in respect of performance bonds in favour of contract employers	27,147	16,669	-	-
Corporate guarantees on liabilities of subsidiaries in respect of:				
Obligations under finance leases	-	-	845	1,261
Bank loans and overdrafts	-	-	1,503	10,376
	<u>27,147</u>	<u>16,669</u>	<u>2,348</u>	<u>11,637</u>



10. Segment information

The Group's operations are principally undertaken in Hong Kong SAR. An analysis of the Group's turnover and contribution to profit/(loss) from operating activities by principal activity, in respect of the Group's operations for the six months ended 30th September 2002 is as follows:

2002

	Superstructure construction works (Unaudited) HK\$'000	Foundation piling and substructure works (Unaudited) HK\$'000	Special construction projects (Unaudited) HK\$'000	Corporation and Others (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	77,670	73,821	38,931	5,006	-	195,428
Intersegment sales	-	-	3,871	-	(3,871)	-
Other revenue	11,009	5,800	-	906	-	17,715
Intersegment revenue	-	-	-	7,155	(7,155)	-
	<u>88,679</u>	<u>79,621</u>	<u>42,802</u>	<u>13,067</u>	<u>(11,026)</u>	<u>213,143</u>
Total						
Segment results	<u>17,887</u>	<u>257</u>	<u>1,977</u>	<u>(3,981)</u>		16,140
Interest Income						<u>156</u>
Profit from operating activities						<u>16,296</u>

2001

	Superstructure construction works (Unaudited) HK\$'000	Foundation piling and substructure works (Unaudited) HK\$'000	Special construction projects (Unaudited) HK\$'000	Corporation and Others (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	40,209	102,016	75,342	10,383	-	227,950
Intersegment sales	-	-	8,461	3,678	(12,139)	-
Other revenue	861	3,961	131	4	-	4,957
Intersegment revenue	-	-	-	-	-	-
	<u>41,070</u>	<u>105,977</u>	<u>83,934</u>	<u>14,065</u>	<u>(12,139)</u>	<u>232,907</u>
Total						
Segment results	<u>(3,737)</u>	<u>5,354</u>	<u>6,800</u>	<u>(11,793)</u>		(3,376)
Interest Income						<u>1,770</u>
Loss from operating activities						<u>(1,606)</u>



11. Commitments

At the balance sheet date, the Group and the Company had the following commitments under non-cancellable operating leases to make payments within the following year in respect of land and buildings expiring:

	Group		Company	
	At 30th September 2002 (Unaudited) HK\$'000	At 31st March 2002 (Audited) HK\$'000	At 30th September 2002 (Unaudited) HK\$'000	At 31st March 2002 (Audited) HK\$'000
Within one year	715	1,559	-	812
In the second to fifth years, inclusive	1,698	1,204	1,332	968
	<u>2,413</u>	<u>2,763</u>	<u>1,332</u>	<u>1,780</u>

The Group and the Company had no significant capital commitments at the balance sheet date.

12. Pledge of Assets

As at 30th September 2002, the Group's assets were pledged as follows:

- (i) a pledged bank deposit amounted to HK\$22,547,000;
- (ii) legal charges on the Group's leasehold land and buildings and investment properties, all situated in Hong Kong, in the carrying values of HK\$2,200,000 and HK\$1,500,000, respectively.